

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.
FERC Docket No. CP02-____
Exhibit I

EXHIBIT I

Market Data

Exhibit I

MARKET DATA

	TAB
Consolidated Edison Energy Inc. (Brookfield - Yaphank)	1
Engage Energy America LLC (Brookfield - Yaphank)	2
Long Island Lighting Company d/b/a LIPA (Brookfield - Shoreham)	3
Mirant New York, Inc. (Brookfield - Yaphank)	4
New York Power Authority (Brookfield - Yaphank)	5
Attachment A – Pro Forma Gas Transportation Contract	6

PRECEDENT AGREEMENT TO CONTRACT FOR FIRM TRANSPORTATION

This contract, to be called a "Precedent Agreement to Contract for Firm Transportation Service, ("Precedent Agreement")" is made as of this 30th day of October, 2001 by and between IROQUOIS GAS TRANSMISSION SYSTEM, L.P., a Delaware limited partnership herein called "Transporter," and CONSOLIDATED EDISON ENERGY INC. a New York corporation, herein called "Shipper." Transporter and Shipper are sometimes referred to individually as "Party" and jointly as "Parties."

WITNESSETH:

WHEREAS, Transporter has received a Certificate of Public Convenience and Necessity issued by the Federal Energy Regulatory Commission, herein called "Commission," authorizing Transporter to own, construct and operate a natural gas transmission system, herein called "Transporter's System";

WHEREAS, Transporter's System extends from a point on the international border between the United States and Canada near Iroquois, Ontario where it interconnects with the system of TransCanada PipeLines Limited, herein called the "Import Point," through the States of New York and Connecticut, to its terminus near South Commack, New York;

WHEREAS, Shipper is requesting and Transporter is proposing a firm natural gas transportation service for the transportation of up to approximately 10,000 Dth/day (subject to Allocation as outlined in Paragraph 6 of this Precedent Agreement) of natural gas, with service originating at Brookfield, New York and terminating at Yaphank, New York, the newly proposed interconnect with the facilities of the KeySpan Gas East Corporation, (herein called "KeySpan"), or at other mutually agreeable delivery point(s). Shipper retains the right to adjust the receipt point and volume allocation between the three available interconnects (Wright, Shelton and Brookfield) up until April 1, 2003.

WHEREAS, Shipper is requesting and Transporter is proposing that such firm natural gas transportation service commence on or about November 1, 2004 and continue for a primary term of service of 10 years;

COPY

WHEREAS, provision of such firm natural gas service by Transporter on behalf of Shipper will require the construction of facilities on Transporter's System herein called the "Incremental Expansion."

NOW, THEREFORE, in consideration of the mutual covenants herein assumed, Transporter and Shipper agree as follows:

1. Regulatory and Transporter Obligations.

- a) Subject to the approval of Transporter's Management Committee pursuant to the Iroquois Limited Partnership Agreement, Transporter shall apply for, and seek with due diligence to obtain from the Commission and any other regulatory authorities having jurisdiction, all necessary authorizations to construct the Incremental Expansion and to render transportation service for Shipper as described in a Gas Transportation Contract for Firm Reserved Service substantially in the form of Attachment A hereto and on the terms and conditions therein specified.
- b) Prior to January 1, 2003, Transporter agrees to provide Shipper with a mutually agreeable transportation rate and fuel matrix for the Incremental Expansion.

2. Notice of Regulatory and Transporter Approvals. Immediately upon receipt by Transporter of authorization from the Commission described in Paragraph 1 above, Transporter shall promptly transmit to the Shipper a copy of such authorization. The Shipper shall, within twenty (20) days of receipt thereof, advise the Transporter whether or not the terms and conditions of such authorization are satisfactory to Shipper. If Shipper advises Transporter that the terms and conditions of the Commission's authorization are not satisfactory to Shipper, then Transporter agrees that it shall, in good faith, consider alternatives that would address the terms and conditions that rendered authorization unsatisfactory to Shipper. In the event, upon consultation with Shipper, one or more viable alternative(s) are identified and agreed upon, such alternative(s) shall be implemented by Transporter with due diligence. If no such alternatives are identified and agreed upon, or Transporter is unable to successfully complete viable alternative(s) as agreed upon by the parties, then Transporter shall give notice to the Shipper whether the terms and conditions of such authorization are satisfactory to Transporter in its sole discretion and whether such authorization has been accepted or rejected.

3. Shipper Obligations.

- a. Shipper shall, with due diligence, seek requisite corporate approval to participate in the Incremental Expansion as proposed herein.
- b) Shipper shall cooperate with, and not oppose, obstruct or otherwise interfere in any manner whatsoever, with the efforts of Transporter to obtain all authorizations necessary for Transporter to construct the Incremental Expansion unless such actions by Transporter have an adverse impact on Shipper or such actions by Transporter are inconsistent with any of the terms and conditions of this Precedent Agreement or the Gas Transportation Contract for Firm Reserved Service.

4. Termination of Precedent Agreement.

- a. If by August 1, 2004, Transporter has not received the authorizations provided for in Paragraph 1 above on terms and conditions satisfactory to Transporter or Shipper in either Party's sole discretion, then either Party hereto shall have the right to terminate this Precedent Agreement on thirty (30) days written notice to the other Party. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if Transporter obtains such authorization during this thirty (30) day notice period, this Precedent Agreement may, subject to the provisions of Paragraph 2 and at Shipper's sole discretion, remain in full force and effect.
- b. If prior to or by April 1, 2003, Shipper has not received requisite corporate approval pursuant to Paragraph 3(a) above, Shipper hereto shall have a right to terminate this Precedent Agreement on thirty (30) days written notice to Transporter. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if Shipper obtains such approval during this thirty (30) day notice period, this Precedent Agreement shall remain in full force and effect.
- c. In accordance with Paragraph 2 above, if the authorization from the Commission described in Paragraph 1 above results in a 100% Load Factor rate (including the Transportation Demand Rate and Transportation Commodity Rate), a fuel charge, or in service date that is materially different from the rate, fuel charge, and in service date that Shipper and Transporter have mutually agreed to in accordance with Paragraph 1 (b) Shipper hereto shall have a right to terminate this Precedent Agreement on thirty (30)

days written notice to Transporter. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect, unless Shipper and Transporter agree otherwise or during such thirty (30) day period, Transporter and Shipper mutually agree to a negotiated rate.

- d. If the newly proposed interconnect with KeySpan at Yaphank, New York is not deemed by Keyspan and/or Consolidated Edison Company of New York, Inc., in their sole discretion, to be a New York Facilities Point, Shipper hereto shall have a right to terminate this Precedent Agreement on thirty (30) days written notice to Transporter. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if Shipper obtains such approval during this thirty (30) day notice period, this Precedent Agreement shall remain in full force and effect.
- e. Notwithstanding any other provision contained herein, Shipper shall have the right to withdraw from this Precedent Agreement in its sole discretion at any time on or before April 1, 2003.

5. Reimbursement.

- a. Any termination of this Precedent Agreement by Shipper prior to April 1, 2003 and in accordance with Paragraphs 4 or 6 of this Precedent Agreement shall be without liability, damages, costs or expenses of Shipper to Transporter, and the Parties shall thereafter have no further rights or obligations whatsoever under this Precedent Agreement.
- b. The Parties acknowledge that as part of this Incremental Expansion, Transporter has made, and will be required to make, certain expenditures to third parties relating to site acquisition, long lead time materials, engineering consultants, environmental consultants, and other necessary third party costs in advance of the satisfaction of the conditions and authorizations described in Paragraph 1 above in order to facilitate the November 1, 2004 in-service date requested by the Shipper. In consideration of Transporter's agreement to make such necessary advance expenditures, if Shipper, whether alone or together with other Incremental Expansion shippers, (collectively referred to as "Terminating Shippers") terminates this Precedent Agreement for any reason after April 1, 2003, other than pursuant to Paragraphs 4 (a), (c) or (d) and, as a result of such termination the Incremental Expansion cannot proceed, Shipper agrees to reimburse Transporter in full for Shipper's pro rata share, relative to the Terminating

Shippers, of all of Transporter's reasonable out-of-pocket costs incurred for the Incremental Expansion prior to Terminating Shipper(s) notice of termination provided that such costs are otherwise not recoverable by Transporter (the "Costs"). Prior to March 1, 2003, Transporter shall provide to Shipper an estimated schedule of costs ("Schedule of Costs"), by month, associated with the Incremental Expansion. Each month thereafter, Transporter will provide to Shipper an updated Schedule of Costs reflecting actual Costs incurred to date with a revised estimate of prospective Costs to be incurred. The actual Costs payable by Shipper to Transporter if this Precedent Agreement is terminated after April 1, 2003, under this section and other than pursuant to Paragraphs 4 (a), (c) or (d), shall be duly itemized and presented to Shipper in the form of an invoice (which invoice will be payable within sixty (60) days from the date of issue). Shipper shall have the right to audit such Costs and Transporter shall cooperate with any such audit. Shipper shall not be liable for any other costs, fees, penalties or damages of any kind in the event of Shipper's termination of this Precedent Agreement after April 1, 2003.

6. Allocation of Capacity. Shipper acknowledges and agrees that, as a result of Transporter having binding Precedent Agreements with multiple shippers for a volume in excess of the Incremental Expansion, Transporter shall have the right to pro-ratably reduce the capacity set forth in this Precedent Agreement at any time, but not later than the earlier of: (i) March 1, 2003; or (ii) the date Shipper executes a Gas Transportation Contract for Firm Reserved Service. Shipper shall notify Transporter within thirty (30) business days of Transporter's notice of a reduction in capacity whether Shipper will accept the pro rata share of its long term capacity request as set forth in Transporter's notice. In the event that Shipper elects not to accept a reduction of its capacity rights under the Precedent Agreement and thereby terminates the Precedent Agreement, Shipper shall not be liable for any costs hereunder whatsoever, whether pursuant to Paragraph 5 or otherwise.
7. Service Agreement Execution: Transporter's Remedies. Within thirty (30) days after (i) the authorizations specified in Paragraph 1 above have been received and accepted by Transporter pursuant to Paragraph 2 above, (ii) Transporter has entered into financing commitments satisfactory to it in its sole discretion that provide for adequate financing to construct the Incremental Expansion (as defined in Section 2.18 of the Iroquois Limited Partnership Agreement) and all of the conditions set forth in such financing agreements have been satisfied, and (iii) Transporter's Management Committee has taken the final vote to commit to construct the Incremental Expansion pursuant to the Iroquois Limited

Partnership Agreement, and provided that this Precedent Agreement shall not have terminated pursuant to Paragraphs 4 and 6 above, Transporter and Shipper shall execute and deliver a Gas Transportation Contract for Firm Reserved Service ("Service Agreement") substantially in the form of Attachment A hereto, reasonable and satisfactory to Shipper and Transporter and in conformance with the terms of Transporter's financing commitments and FERC Gas Tariff; provided, however, that in no event shall Shipper be required to execute a Service Agreement prior to April 1, 2003, and unless the following conditions precedent have been met: (a) Shipper has approved of the authorizations specified in Paragraph 1 pursuant to Paragraph 2 above; (b) Shipper has received requisite corporate approvals pursuant to Paragraph 3(b) above; and (c) the proposed interconnect with Keyspan at Yaphank, New York, has been deemed to be a New York Facilities Point.

8. Assignment. Any company which shall succeed by purchase, merger or consolidation of the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Precedent Agreement. Either Party may, without relieving itself of its indebtedness under this Precedent Agreement, assign any of its rights thereunder to a company with which it is affiliated, but otherwise no assignment of this Precedent Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter, or Transporter in the event of an assignment by Shipper which in either circumstance shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Paragraph 8 shall not in any way prevent either party to this Precedent Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness.

9. Modification. No modification of the terms and provisions of this Precedent Agreement shall be made except by the execution of written contracts by Transporter and Shipper.

10. Notices. Notices under this Precedent Agreement shall be sent to:

Transporter: Iroquois Gas Transmission System, L.P.
c/o Iroquois Pipeline Operating Company
One Corporate Drive, Suite 600
Shelton, Connecticut 06484
Attn: Marketing & Transportation
Fax No. 203-929-9501

Shipper: Consolidated Edison Energy, Inc.
701 Westchester Avenue, Suite 201 W
White Plains NY 10604
Attn: Chief Operating Officer
Fax No. 914-993-2161

Either Party may change its address by written notice to that effect to the other Party. Notices given hereunder shall be deemed to have been effectively given upon the third day following the day when the notice properly addressed and postpaid has been placed in the mail. It is expressly understood and agreed, however, that any notices referred to hereunder shall first be delivered by facsimile or other similar means, in accordance with the dates and time provided therein, and shall be mailed as soon as practicable thereafter.

11. Nonrecourse Obligation of Partnership. Shipper acknowledges and agrees that (a) Transporter is a Delaware limited partnership; (b) the obligations of Transporter under this Precedent Agreement are the obligations of the partnership; (c) Shipper shall have no recourse against any Partner in Transporter and its sole recourse shall be against the partnership assets, irrespective of any failure to comply with the applicable law or any provisions of this Precedent Agreement; (d) Shipper shall have no right of subrogation to any claim of Transporter for any Capital Contributions from any Partner to Transporter; and (e) this representation is made expressly for the benefit of the Partners in Transporter.
12. Liability. Neither party hereto shall be liable to the other party for any consequential, incidental or punitive damages arising out of, or related to, a breach of this agreement.
13. Governing Law. The laws of the state of New York shall govern this Precedent Agreement without reference to conflicts of law provisions, except as to any matters subject to federal law and the exclusive jurisdiction of the Commission.
14. Final Agreement. This Precedent Agreement sets forth all understandings and agreements between the parties respecting the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, respecting the subject matter hereof are merged and superseded by this Precedent Agreement. This Precedent Agreement may only be amended by written document duly executed by both parties.
15. Waiver. No waiver by a party of any default(s) by the other party in the performance of any provision, condition or requirement of this Precedent Agreement shall operate or be construed as a waiver of any future default(s) whether of a like or of a different character, nor in any manner release the defaulting party from performance of any other provision, condition, or requirement herein.

IN WITNESS WHEREOF, the Parties hereto have caused this Precedent Agreement to be duly executed in several counterparts by their proper officers duly authorized as of the first date hereinabove written.

ATTEST:

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.
By Its Agent
IROQUOIS PIPELINE OPERATING COMPANY

Razalesi

By Craig R. Frew, President *m*

Razalesi

By Herbert A. Rakebrand, III, VP, Marketing & Transportation *m*

ATTEST:

CONSOLIDATED EDISON ENERGY INC.

K. Conboy

By [Signature]

By _____

PRECEDENT AGREEMENT TO CONTRACT FOR FIRM TRANSPORTATION SERVICE

This contract, to be called a "Precedent Agreement to Contract for Firm Transportation Service, ("Precedent Agreement")" is made as of this 8th day of October, 2001, by and between IROQUOIS GAS TRANSMISSION SYSTEM, L.P., a Delaware limited partnership herein called "Transporter," and ENGAGE ENERGY AMERICA LLC, a Delaware limited liability company, herein called "Shipper." Transporter and Shipper are sometimes referred to individually as "Party" and jointly as "Parties."

WITNESSETH:

WHEREAS, Transporter has received a Certificate of Public Convenience and Necessity issued by the Federal Energy Regulatory Commission, herein called "Commission," authorizing Transporter to own, construct and operate a natural gas transmission system, herein called "Transporter's System";

WHEREAS, Transporter's System extends from a point on the international border between the United States and Canada near Iroquois, Ontario where it interconnects with the system of TransCanada PipeLines Limited, herein called the "Import Point," through the States of New York and Connecticut, to its terminus near South Commack, New York;

WHEREAS, Shipper is requesting and Transporter is proposing a firm natural gas transportation service for the transportation of up to approximately 50,000 Dth/d (subject to Allocation as outlined in Paragraph 6 of this Precedent Agreement) of natural gas, with service originating at Brookfield and terminating at Yaphank, New York, a newly proposed interconnect with the facilities of the KeySpan Gas East Corporation, herein called "KeySpan", or other mutually agreeable delivery point(s);

WHEREAS, Shipper is requesting and Transporter is proposing that such firm natural gas transportation service commence on or about November 1, 2004 and continue for a primary term of service of 10 years;

WHEREAS, provision of such firm natural gas service by Transporter on behalf of Shipper will require the construction of additional facilities on Transporter's System, herein called the "Incremental Expansion."

NOW, THEREFORE, in consideration of the mutual covenants herein assumed, Transporter and Shipper agree as follows:

1. Regulatory and Transporter Obligations. Subject to the approval of Transporter's Management Committee pursuant to the Iroquois Limited Partnership Agreement, Transporter shall apply for, and seek with due diligence to obtain from the Commission and any other regulatory authorities having jurisdiction, all necessary authorizations to construct the Incremental Expansion and to render transportation service for Shipper as described in a Gas Transportation Contract for Firm Reserved Service substantially in the form of Attachment A hereto and on the terms and conditions therein specified.
2. Notice of Regulatory and Transporter Approvals. Immediately upon receipt by Transporter of authorization from the Commission described in Paragraph 1 above, Transporter shall promptly transmit to the Shipper a copy of such authorization. The Shipper shall, within twenty-five (25) days of receipt thereof, advise the Transporter whether or not the terms and conditions of such authorization are satisfactory to Shipper. If Shipper determines that any terms and conditions of such authorization are not satisfactory and promptly notifies Transporter to that effect, then Transporter agrees that it shall, in good faith, consider alternatives that would address the terms and conditions that rendered the authorization unsatisfactory to Shipper. Thereafter, the Transporter shall immediately give notice to the Shipper whether the terms and conditions of such authorization are satisfactory to Transporter in its sole discretion and whether such authorization has been accepted or rejected.
3. Shipper Obligations.
 - a. Shipper shall be solely responsible for securing gas supplier(s) and/or any applicable upstream and/or downstream transporters in all matters that may affect Transporter's performance hereunder. Transporter shall not be liable hereunder to Shipper as a result of the failure of Shipper's gas supplier(s) and/or any applicable upstream and/or downstream transporters to so perform.
 - b. Shipper shall, with due diligence, seek requisite corporate approval to participate in the Incremental Expansion proposed herein, provided however that such company approval may be withheld or denied for any reason in the sole and absolute discretion of those from whom such approval is sought.
 - c. Shipper shall, on an ongoing basis but without unreasonable cost to Shipper and upon Transporter's prior written request, provide such additional information and data to

Transporter as Transporter may reasonably require to complete its evaluation of Shipper's request for the firm natural gas transportation service proposed herein.

4. Termination of Precedent Agreement.

- a. If by August 1, 2004, Transporter has not received the authorizations provided for in Paragraph 1 above on terms and conditions satisfactory to Transporter in its sole discretion, then either Party hereto shall have the right to terminate this Precedent Agreement on thirty (30) days written notice to the other Party. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if Transporter obtains such authorization during this thirty (30) day notice period, this Precedent Agreement shall, subject to the provisions of Paragraph 2, remain in full force and effect.
- b. If prior to or by April 1, 2003, Shipper has not received requisite corporate approval pursuant to Paragraph 3(b) above, Shipper hereto shall have a right to terminate this Precedent Agreement on thirty (30) days written notice to Transporter. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if Shipper obtains such approval during this thirty (30) day notice period, this Precedent Agreement shall remain in full force and effect.
- c. In accordance with Paragraph 2 above, if the authorization from the Commission described in Paragraph 1 above results in a 100% Load Factor (including the Transportation Demand Rate and Transportation Commodity Rate) in excess of the rate that Shipper and Transporter have mutually agreed to in accordance with Paragraph 4(d), Shipper hereto shall have a right to terminate this Precedent Agreement on thirty (30) days written notice to Transporter. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect, unless Shipper and Transporter agree otherwise or notwithstanding the Commission's authorization, during such thirty (30) day period, Transporter and Shipper mutually agree to a negotiated rate.
- d. Notwithstanding any other provision contained herein, Shipper shall have the right to withdraw from this Precedent Agreement in its sole discretion at any time on or before April 1, 2003, and Shipper shall not be liable for any costs hereunder whatsoever, whether pursuant to Paragraph 5 or otherwise. Transporter agrees to provide Shipper



with a mutually agreeable transportation rate for the Term of the Service Agreement on or before March 1, 2003.

5. Reimbursement. The Parties acknowledge that as part of this Incremental Expansion, Transporter has made, and will be required to make, certain expenditures to third parties relating to site acquisition, long lead time materials, engineering consultants, environmental consultants, and other necessary third party costs in advance of the satisfaction of the conditions and authorizations described in Paragraph 1 above in order to facilitate the November 1, 2004 in-service date requested by the Shipper. The Parties also acknowledge that these costs will not be refundable or otherwise recoverable by Transporter from Shipper if this Precedent Agreement is terminated pursuant to Paragraphs 4 or 6.

In consideration of Transporter's agreement to make such necessary advance expenditures, if Shipper, whether alone or together with other shippers, (collectively referred to as "Terminating Shippers") terminates this Precedent Agreement for any reason after April 1, 2003, other than pursuant to Paragraph 4 above, and, as a result of such termination the Incremental Expansion cannot proceed, Shipper agrees to reimburse Transporter in full for Shipper's pro rata share, relative to the Terminating Shippers, of all costs reasonably incurred by Transporter for all of Transporter's out of pocket costs incurred pursuant to the Incremental Expansion provided that such costs are otherwise not recoverable by Transporter (the "Costs"). Prior to March 1, 2003, Transporter shall provide to Shipper an estimated schedule of costs ("Schedule of Costs"), by month, associated with the Incremental Expansion. Each month thereafter, Transporter will provide to Shipper an updated Schedule of Costs reflecting actual Costs incurred to date with a revised estimate of prospective Costs to be incurred. Ultimately, the actual Costs payable by Shipper to Transporter if terminated other than pursuant to Paragraphs 4 and 6, shall be duly itemized and presented to Shipper in the form of an invoice (which invoice will be payable within sixty (60) days from the date of issue). Shipper shall have the right to audit such Costs and Transporter shall cooperate with any such audit.

6. Allocation of Capacity. Shipper acknowledges and agrees that, as a result of Transporter having binding Precedent Agreements with multiple shippers for a volume in excess of the Incremental Expansion, Transporter shall have the right to pro-ratably reduce the capacity set forth in this Precedent Agreement at any time, but not later than March 1, 2003. Shipper shall notify Transporter within fifteen (15) business days of Shipper's acceptance of such pro rata share of long term capacity. In the event that Shipper elects not to reduce the Precedent Agreement for its pro rata share of such capacity and thereby terminates the



Precedent Agreement, such capacity shall be reallocated among the other prospective shippers on a pro rata basis up to their initial bid, and Shipper shall not be liable for any costs hereunder whatsoever, whether pursuant to Paragraph 5 or otherwise.

7. Service Agreement Execution; Transporter's Remedies. Within thirty (30) days after (i) the authorizations specified in Paragraph 1 above have been received and accepted by Transporter pursuant to Paragraph 2 above, (ii) Transporter has entered into financing commitments satisfactory to it in its sole discretion that provide for adequate financing to construct the Incremental Expansion (as defined in Section 2.18 of the Iroquois Limited Partnership Agreement) and all of the conditions set forth in such financing agreements have been satisfied, and (iii) Transporter's Management Committee has taken the final vote to commit to construct the Incremental Expansion pursuant to the Iroquois Limited Partnership Agreement, and provided that this Precedent Agreement shall not have terminated pursuant to Paragraphs 4 and 6 above, Transporter and Shipper shall execute and deliver a Gas Transportation Contract for Firm Reserved Service ("Service Agreement") substantially in the form of Attachment A hereto, reasonable and satisfactory to Shipper and Transporter and in conformance with the terms of Transporter's financing commitments. Notwithstanding any other provision of this Precedent Agreement, Transporter shall have the right to pursue any legal and equitable remedy available with respect to Shipper's breach of its obligation to execute a Service Agreement.
8. Governing Law. The construction, interpretation, and enforcement of this agreement shall be governed by the laws of the State of New York, excluding any conflict of law or rule which would refer any matter to the laws of a jurisdiction other than the State of New York.
9. Assignment. Any company which shall succeed by purchase, merger or consolidation of the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Precedent Agreement. Either Party may, without relieving itself of its indebtedness under this Precedent Agreement, assign any of its rights thereunder to a company with which it is affiliated, but otherwise no assignment of this Precedent Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter, or Transporter in the event of an assignment by Shipper which in either circumstance shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Paragraph 9 shall not in any way prevent either



party to this Precedent Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness.

10. Modification. No modification of the terms and provisions of this Precedent Agreement shall be made except by the execution of written contracts by Transporter and Shipper.

11. Notices. Notices under this Precedent Agreement shall be sent to:

Transporter: Iroquois Gas Transmission System, L.P.
c/o Iroquois Pipeline Operating Company
One Corporate Drive, Suite 600
Shelton, Connecticut 06484
Attn: Marketing & Transportation
Fax No. 203-929-9501

Shipper: Engage Energy America LLC
39500 High Pointe Blvd. Suite. 260
Novi, Michigan 48375
Attn: Contract Administration
Fax No. 248-596-4001

Either Party may change its address by written notice to that effect to the other Party. Notices given hereunder shall be deemed to have been effectively given upon the third day following the day when the notice properly addressed and postpaid has been placed in the mail. It is expressly understood and agreed, however, that any notices referred to hereunder shall first be delivered by facsimile or other similar means, in accordance with the dates and time provided therein, and shall be mailed as soon as practicable thereafter.

12. Nonrecourse Obligation of Partnership. Shipper acknowledges and agrees that (a) Transporter is a Delaware limited partnership; (b) the obligations of Transporter under this Precedent Agreement are the obligations of the partnership; (c) Shipper shall have no recourse against any Partner in Transporter and its sole recourse shall be against the partnership assets, irrespective of any failure to comply with the applicable law or any provisions of this Precedent Agreement; (d) Shipper shall have no right of subrogation to any claim of Transporter for any Capital Contributions from any Partner to Transporter; and (e) this representation is made expressly for the benefit of the Partners in Transporter.

13. Liability. Neither party hereto shall be liable to the other party for any consequential, incidental or punitive damages arising out of, or related to, a breach of this agreement except as otherwise provided for herein.

14. Creditworthiness. Shipper acknowledges that it will need to demonstrate creditworthiness or provide other reasonable security for its obligations under Section 6 of the Precedent Agreement to Transporter coincident with its execution of the Precedent Agreement, it being

understood that such creditworthiness may be evidenced by: (a) a credit rating of Shipper, or its ultimate parent, from S&P or Moody's Rating Services above BBB or Baa2 respectively, or (b) a parental guarantee, or (c) a similar instrument, which shall be capped at Shipper's pro rata share of Transporter's development costs, in accordance with Section 6 of the Precedent Agreement.

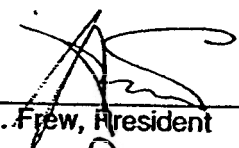
15. Term. The Commencement Date of the Service Agreement shall be the latter of November 1, 2004 or such date on which the natural gas facilities required to enable Transporter to render transportation service to Shipper hereunder are constructed, installed and made operational, as shall be set forth in Transporter's Final Notice to Shipper. The primary term of service of the Service Agreement shall be ten (10) years, and year to year thereafter unless terminated by either party upon twelve (12) months prior written notice to the other; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.

IN WITNESS WHEREOF, the Parties hereto have caused this Precedent Agreement to be duly executed in several counterparts by their proper officers duly authorized as of the first date hereinabove written.

ATTEST:

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.
By Its Agent
IROQUOIS PIPELINE OPERATING COMPANY



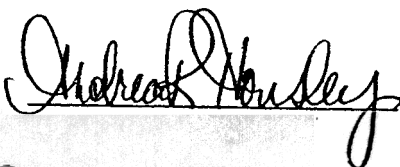
By 
Craig R. Frew, President



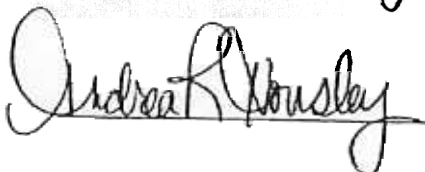
By 
Herbert A. Rakebrand, III, VP, Marketing & Transportation

ATTEST:

ENGAGE ENERGY AMERICA LLC



By 
MARK STIERS
PRESIDENT



By 

Engage Energy America LLC
Brookfield → Yaphank

7 Michael Carosio
Vice President-Structured Gas, Midwest

October 8, 2001

PRECEDENT AGREEMENT

This precedent agreement ("Precedent Agreement") is made as of November 1, 2001, by and between IROQUOIS GAS TRANSMISSION SYSTEM, L.P., a Delaware limited partnership herein called "Transporter," and LONG ISLAND LIGHTING COMPANY, doing business as LIPA ("LIPA"), a corporation organized and existing under the laws of the State of New York and a wholly owned subsidiary of the Long Island Power Authority ("Authority"), herein called "Shipper." Transporter and Shipper are sometimes referred to individually as "Party" and jointly as "Parties."

WITNESSETH

WHEREAS, Transporter has received a Certificate of Public Convenience and Necessity issued by the Federal Energy Regulatory Commission, herein called "Commission," authorizing Transporter to own, construct and operate a natural gas transmission system, herein called "Transporter's System";

WHEREAS, Transporter's System extends from a point on the international border between the United States and Canada, near Iroquois, Ontario where it interconnects with the system of TransCanada Transporters Limited, herein called the "Import Point," through the States of New York and Connecticut, to its terminus near South Commack, New York;

WHEREAS, Shipper intends to develop (or contract with a third party to develop) a natural gas-fired generating plant (the "Plant") at Shoreham, New York; and

WHEREAS, Shipper is requesting and Transporter is proposing a firm natural gas transportation service for the transportation of up to approximately 160,000 Dth/d (subject to allocation as outlined in Section 6 of this Precedent Agreement) of natural gas, with service originating at Brookfield, Connecticut and terminating at Shoreham, New York, a newly proposed interconnect with the facilities of LIPA, or other mutually agreeable delivery point(s);

WHEREAS, Shipper is requesting and Transporter is proposing that such firm natural gas transportation service commence on or about June 1, 2006 and continue for a primary term of service of ten (10) years;

WHEREAS, in order for Transporter to provide the firm transportation service requested by Shipper, Transporter must construct, or cause to be constructed, certain additional facilities on its system (the "Incremental Expansion"); and

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, Transporter and Shipper agree as follows:

1. Regulatory Approvals. Subject to the approval of Transporter's Management Committee pursuant to the Iroquois Limited Partnership Agreement, and to the terms and conditions of this Precedent Agreement, Transporter shall apply for, and seek with due diligence to obtain from the Federal Energy Regulatory Commission ("FERC") and any other regulatory authorities having jurisdiction, all authorizations necessary for Transporter to (i) construct, own, operate, and maintain the Incremental Expansion; and (ii) perform its obligations as contemplated in this Precedent Agreement.

2. Obligations.

- a. Shipper shall be solely responsible for securing gas supplier(s) and/or service from any applicable upstream and/or downstream transporters in all matters that may affect Transporter's performance hereunder. Transporter shall not be liable hereunder to Shipper as a result of the failure of Shipper's gas supplier(s) and/or any applicable upstream and/or downstream transporters to so perform.
- b. Shipper shall, on an ongoing basis but without unreasonable cost to Shipper, provide such additional information and data to Transporter as Transporter may reasonably require to complete its evaluation of Shipper's request for the firm natural gas transportation service proposed herein.
- c. Immediately upon receipt by Transporter of authorization from the FERC described in Paragraph 1 above, Transporter shall promptly transmit to the Shipper a copy of such authorization. The Shipper shall, within twenty-five (25) days of receipt thereof, advise the Transporter whether or not the terms and conditions of such authorization are satisfactory to Shipper. In the event that Shipper notifies Transporter that the

terms and conditions of such authorization are unsatisfactory, this precedent agreement shall terminate, and the Parties shall have no further obligation to each other. In the event that Shipper notifies Transporter that such authorization is satisfactory, the Transporter shall immediately give notice to the Shipper whether the terms and conditions of such authorization are satisfactory to Transporter in its sole discretion and whether such authorization has been accepted or rejected. Nothing in the provision of Notice by either Party shall constitute waiver of the Conditions Precedent contained in Paragraph 3 hereof.

- d. Upon satisfaction or waiver of all the conditions precedent set forth in Paragraph 3, Transporter and Shipper must thereafter mutually agree in order to proceed. Evidence of such agreement shall be in the form of an executed gas transportation service agreement ("Service Agreement") substantially in the form of Attachment A hereto, reasonable and satisfactory to Shipper and Transporter and in conformance with the terms of Transporter's financing. If Shipper proceeds with the Service Agreement, it shall do so as expeditiously as possible consistent with its requirement to obtain the necessary approvals.
- e. On or before January 1, 2003, Transporter agrees to provide Shipper with a mutually agreeable transportation rate for the term of the Service Agreement.

3. Conditions Precedent. Commencement of service under the Service Agreement and Transporter's and Shipper's rights and obligations under this Precedent Agreement and the Service Agreement are expressly made subject to the satisfaction of the following conditions precedent:

- a. For both Parties (either Party shall have the right to waive the following condition):
 - (i) receipt and acceptance of all necessary certificates and authorizations from the FERC to construct, own, operate and maintain the Incremental Expansion project as described in Paragraph 1 by August 1, 2004.

b. For Transporter (only Transporter shall have the right to waive the following conditions):

- (i) receipt of approval of Transporter's Management Committee pursuant to the Iroquois Limited Partnership Agreement to commit to construct the Incremental Expansion pursuant to the Iroquois Limited Partnership Agreement;
- (ii) receipt of necessary governmental authorizations, approvals, and permits required to construct the Incremental Expansion necessary to provide the firm transportation service contemplated herein and in the Service agreement other than those specified in (a) (i) herein;
- (iii) obtaining financing commitments satisfactory to Transporter in its sole discretion that provide for adequate financing to construct the Incremental Expansion (as defined in Section 2.18 of the Iroquois Limited Partnership Agreement) and all of the conditions set forth in such financing agreements have been satisfied.

c. For Shipper (only Shipper shall have the right to waive the following conditions):

- (i) receipt of approval of the Board of Trustees of the Authority to proceed with this Precedent Agreement, which approval may be withheld or denied for any reason in the sole and absolute discretion of Shipper and the Board of Trustees of the Authority;
- (ii) receipt and acceptance by Shipper of all necessary authorizations required by all governmental or regulatory agencies having jurisdiction over the construction, ownership and operation of the Plant by Shipper or the developer of the Plant; and, if the Plant is owned by a developer, execution of a power purchase agreement between Shipper and the developer of the Plant and all regulatory approvals related thereto. It is expressly understood that all such authorizations shall be in the form and substance acceptable to Shipper and shall be final and no longer subject to appeal, and that the execution of the power purchase agreement, if any, shall be in Shipper's sole discretion; and

(iii) receipt of approval of the Board of Trustees of the Authority and the New York State Comptroller's office to proceed with the Service Agreement.

- d. Notwithstanding any other provisions of this Precedent Agreement, the regulatory authorization(s) and approval(s) contemplated in Paragraph 1 of this Precedent Agreement must be issued in form and substance satisfactory to both Parties hereto.

4. Termination of Precedent Agreement.

- a. If the conditions precedent set forth in Paragraph 3 of this Precedent Agreement have not been fully satisfied, or waived by the Party for whose benefit the conditions are imposed, by the applicable dates specified therein, and this Precedent Agreement has not been terminated pursuant to any other provision of this Precedent Agreement, then either Party may thereafter terminate this Precedent Agreement by giving thirty (30) days prior written notice of its intention to terminate to the other Party; provided, however, if the conditions precedent are satisfied, or waived by the party for whose benefit the conditions are imposed, within such thirty (30) day notice period, then termination will not be effective.
- b. If this Precedent Agreement is not otherwise terminated, then this Precedent Agreement will terminate by its express terms on the date of execution of the Service Agreement, and thereafter Transporter's and Shipper's rights and obligations related to the transportation service contemplated herein shall be determined pursuant to the terms and conditions of such Service Agreement and Transporter's FERC Gas Tariff, as amended from time to time.
- c. Provided further, if the authorization from the Commission described in Paragraph 1 above results in a 100% load factor rate (including both the transportation demand rate and the transportation commodity rate) in excess of the rate that Shipper and Transporter have mutually agreed to, Shipper shall have the right to terminate this Precedent Agreement on thirty (30) days written notice to Transporter. In such event, this Precedent Agreement will terminate effective upon expiration of such thirty (30) days period and shall thereafter be of no further force and effect, unless Shipper and

Transporter agree otherwise or notwithstanding the Commission's authorization, during such thirty (30) day period, Transporter and Shipper mutually agree to a negotiated rate.

- d. Notwithstanding any other provision contained herein, either Shipper or Transporter shall have the right to withdraw (the "Terminating Party") from this Precedent Agreement in its sole discretion at any time on or before June 30, 2005. In the event that either Party exercises this right of termination, the Terminating Party shall not be liable to the other Party for any costs whatsoever under this Precedent Agreement.

5. Allocation of Capacity. Shipper acknowledges and agrees that, as a result of Transporter having binding Precedent Agreements with multiple shippers for a volume in excess of the Incremental Expansion, Transporter shall have the right to pro-ratably reduce the capacity set forth in this Precedent Agreement at any time, but not later than March 1, 2003. Shipper shall notify Transporter within twenty-five (25) business days of Shipper's acceptance of such pro rata reduction of its share of long term capacity. In the event that Shipper elects not to accept its pro rata share of such capacity and thereby terminates the Precedent Agreement, such capacity shall be reallocated among the other prospective shippers on a pro rata basis up to their initial bid, and Shipper shall not be liable for any costs hereunder whatsoever

6. Assignment. Any company which shall succeed by purchase, merger or consolidation of the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Precedent Agreement. Either Party may, without relieving itself of its obligations under this Precedent Agreement, assign any of its rights thereunder to a company with which it is affiliated. Transporter may not assign its rights or obligations under this Precedent Agreement to any entity that does not meet the creditworthiness standards set out in Transporter's FERC Gas Tariff. Shipper may, without the consent of Transporter, assign this Precedent Agreement to any shipper that meets the creditworthiness standards set out in Transporter's FERC Gas Tariff, and upon notice to Transporter of such assignment, Shipper's obligations under this Precedent Agreement shall cease. It is further agreed that the restrictions on assignment contained in this Paragraph shall not in any way prevent either party to this Precedent Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness.

7. Modification. No modification of the terms and provisions of this Precedent Agreement shall be made except by the execution of written contracts by Transporter and Shipper.

8. Notices. Notices under this Precedent Agreement shall be sent to:

Transporter: Iroquois Gas Transmission System, L.P.
c/o Iroquois Transporter Operating Company
One Corporate Drive, Suite 600
Shelton, CT 06484
Attn: Marketing and Transportation
Fax No.: (203) 929-9501

Shipper: Long Island Lighting Company d/b/a LIPA
333 Earle Ovington Blvd.
Uniondale, NY 11553
Attn: General Counsel
Fax No.: (516) 222-9137

Either Party may change its address by written notice to that effect to the other Party. Notices given hereunder shall be deemed to have been effectively given upon the third day following the day when the notice properly addressed and postpaid has been placed in the mail. It is expressly understood and agreed, however, that any notices referred to hereunder shall first be delivered by facsimile or other similar means, in accordance with the dates and time provided therein, and shall be mailed as soon as practicable thereafter.

9. Nonrecourse Obligation of Partnership. Shipper acknowledges and agrees that (a) Transporter is a Delaware limited partnership; (b) the obligations of Transporter under this Precedent Agreement are the obligations of the partnership; (c) Shipper shall have no recourse against any Partner in Transporter and its sole recourse shall be against the partnership assets, irrespective of any failure to comply with the applicable law or any provisions of this Precedent Agreement; (d) Shipper shall have no right of subrogation to any claim of Transporter for any Capital Contributions from any Partner to Transporter; and (e) this representation is made expressly for the benefit of the Partners in Transporter.

10. Liability. Neither party hereto shall be liable to the other party for any consequential, incidental or punitive damages arising out of, or related to, a breach of this Precedent Agreement.


11. Creditworthiness. Shipper acknowledges that it will need to demonstrate creditworthiness or provide other reasonable security for its obligations pursuant to the terms and conditions of Transporter's FERC approved tariff.

12. Choice of Law. This Precedent Agreement shall be governed by, construed, interpreted, and performed in accordance with the laws of the New York, without recourse to any laws governing the conflict of laws.

IN WITNESS WHEREOF, the Parties hereto have caused this Precedent Agreement to be duly executed in several counterparts by their proper officers duly authorized as of the first date herein above written.

ATTEST:

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.
By Its Agent
IROQUOIS PIPELINE OPERATING COMPANY



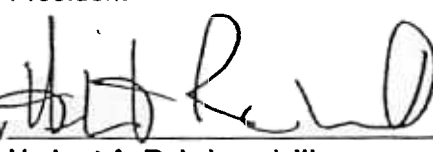
By


Craig R. Frew
President





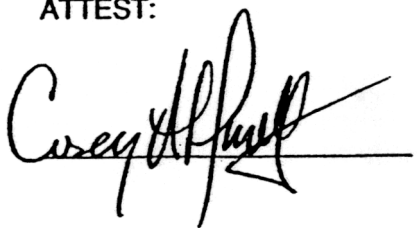
By


Herbert A. Rakebrand, III
Vice President, Marketing & Transportation

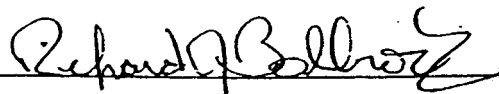


ATTEST:

LONG ISLAND LIGHTING COMPANY, d/b/a LIPA



By



Vice President Power Markets

By

PRECEDENT AGREEMENT TO CONTRACT FOR FIRM TRANSPORTATION SERVICE

This contract, to be called a "Precedent Agreement to Contract for Firm Transportation Service, ("Precedent Agreement")" is made as of this 25th day of September, 2001, by and between IROQUOIS GAS TRANSMISSION SYSTEM, L.P., a Delaware limited partnership herein called "Transporter," and MIRANT NEW YORK, INC., a Delaware corporation, herein called "Shipper." Transporter and Shipper are sometimes referred to individually as "Party" and jointly as "Parties."

WITNESSETH:

WHEREAS, Transporter has received a Certificate of Public Convenience and Necessity issued by the Federal Energy Regulatory Commission, herein called "Commission," authorizing Transporter to own, construct and operate a natural gas transmission system, herein called "Transporter's System";

WHEREAS, Transporter's System extends from a point on the international border between the United States and Canada near Iroquois, Ontario where it interconnects with the system of TransCanada PipeLines Limited, herein called the "Import Point," through the States of New York and Connecticut, to its terminus near South Commack, New York;

WHEREAS, Shipper is requesting and Transporter is proposing a firm natural gas transportation service for the transportation of up to approximately 80,000 Dth/d (subject to Allocation as outlined in Paragraph 7 of this Precedent Agreement) of natural gas, with service originating at Brookfield, Connecticut and terminating at Yaphank, New York, facilities of the KeySpan Gas East Corporation, herein called "KeySpan", or other mutually agreeable delivery point(s);

WHEREAS, Shipper is requesting and Transporter is proposing that such firm natural gas transportation service commence on or about November 1, 2004 and continue for a primary term of service of ten (10) years;

WHEREAS, provision of such firm natural gas service by Transporter on behalf of Shipper will require the construction of additional facilities on Transporter's System, herein called the "Incremental Expansion."

NOW, THEREFORE, in consideration of the mutual covenants herein assumed, Transporter and Shipper agree as follows:

1. Regulatory and Transporter Obligations. Subject to the approval of Transporter's Management Committee pursuant to the Iroquois Limited Partnership Agreement, Transporter shall apply for, and seek with due diligence to obtain from the Commission and

any other regulatory authorities having jurisdiction, all necessary authorizations to construct the Incremental Expansion and to render transportation service for Shipper as described in a Gas Transportation Contract for Firm Reserved Service substantially in the form of Attachment A hereto and on the terms and conditions therein specified.

2. Notice of Regulatory and Transporter Approvals. Immediately upon receipt by Transporter of authorization from the Commission described in Paragraph 1 above, Transporter shall promptly transmit to the Shipper a copy of such authorization. The Shipper shall, within twenty-five (25) days of receipt thereof, advise the Transporter whether or not the terms and conditions of such authorization are satisfactory to Shipper. If Shipper determines that any terms and conditions of such authorization are not satisfactory and promptly notifies Transporter to that effect, then Transporter agrees that it shall, in good faith, consider alternatives that would address the terms and conditions that rendered the authorization unsatisfactory to Shipper. Thereafter, the Transporter shall immediately give notice to the Shipper whether the terms and conditions of such authorization are satisfactory to Transporter in its sole discretion and whether such authorization has been accepted or rejected; provided however, that Shipper may terminate this Precedent Agreement as specified in Paragraph 5b hereof.

3. Shipper Obligations.

- a. Shipper shall be solely responsible for securing gas supplier(s) and/or any applicable upstream and/or downstream transporters in all matters that may affect Transporter's performance hereunder. Transporter shall not be liable hereunder to Shipper as a result of the failure of Shipper's gas supplier(s) and/or any applicable upstream and/or downstream transporters to so perform.
- b. Shipper shall, with due diligence, seek requisite corporate approval to participate in the Incremental Expansion proposed herein.
- c. Shipper shall, without unreasonable cost to Shipper and upon Transporter's prior written request, provide such additional information and data to Transporter as Transporter may reasonably require to complete its evaluation of Shipper's request for the firm natural gas transportation service proposed herein.

4. Transporter's Obligations. Transporter shall complete by no later than April 1, 2005 the construction of all lines and facilities necessary to connect its facilities to Shipper for the purpose of providing the transportation services contemplated by this Agreement.

5. Termination of Precedent Agreement

- a. If by August 1, 2004, Transporter has not received the authorizations provided for in Paragraphs 1 and 2 above then either Party hereto shall have the right to terminate this Precedent Agreement on thirty (30) days written notice to the other Party. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if Transporter obtains such authorization during this thirty (30) day notice period, this Precedent Agreement shall, subject to the provisions of Paragraph 2, remain in full force and effect.
 - b. If prior to or by April 1, 2003, Shipper has not received requisite corporate approval pursuant to Paragraph 3(b) above, Shipper hereto shall have a right to terminate this Precedent Agreement on thirty (30) days written notice to Transporter. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if Shipper obtains such approval during this thirty (30) day notice period, this Precedent Agreement shall remain in full force and effect.
 - c. In accordance with Paragraph 2 above, if the authorization from the Commission described in Paragraph 1 above results in a 100% Load Factor (including the Transportation Demand Rate and Transportation Commodity Rate) in excess of the rate that Shipper and Transporter have mutually agreed to in accordance with Paragraph 5(d), Shipper hereto shall have a right to terminate this Precedent Agreement on thirty (30) days written notice to Transporter. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect, unless Shipper and Transporter agree otherwise or notwithstanding the Commission's authorization, during such thirty (30) day period, Transporter and Shipper mutually agree to a negotiated rate.
 - d. Notwithstanding any other provision contained herein, Shipper shall have the right to withdraw from this Precedent Agreement in its sole discretion at any time on or before April 1, 2003, and Shipper shall not be liable for any costs hereunder whatsoever, whether pursuant to Paragraph 5 or otherwise. Transporter agrees to provide Shipper with a mutually agreeable transportation rate for the Term of the Service Agreement on or before March 1, 2003.
6. **Reimbursement:** The Parties acknowledge that as part of this Incremental Expansion, Transporter has made, and will be required to make, certain expenditures to third parties relating to site acquisition, long lead time materials, engineering consultants, environmental consultants, and other necessary third party costs in advance of the satisfaction of the

conditions and authorizations described in Paragraph 1 above in order to facilitate the November 1, 2004 in-service date requested by the Shipper. The Parties also acknowledge that these costs will not be refundable or otherwise recoverable by Transporter from Shipper if this Precedent Agreement is terminated pursuant to Paragraphs 5 or 7 or if Transporter unilaterally terminates this Precedent Agreement or elects not to accept the Commission authorization pursuant to Paragraph 1 above.

In consideration of Transporter's agreement to make such necessary advance expenditures, if Shipper, whether alone or together with other shippers, (collectively referred to as "Terminating Shippers") terminates this Precedent Agreement for any reason after April 1, 2003, other than pursuant to Paragraph 5 above, and, as a result of such termination the Incremental Expansion cannot proceed, Shipper agrees to reimburse Transporter in full for Shipper's pro rata share, relative to the Terminating Shippers, of all costs reasonably incurred by Transporter for all of Transporter's out of pocket costs incurred pursuant to the Incremental Expansion provided that such costs are otherwise not recoverable by Transporter (the "Costs"). Prior to March 1, 2003, Transporter shall provide to Shipper an estimated schedule of costs ("Schedule of Costs"), by month, associated with the Incremental Expansion. Each month thereafter, Transporter will provide to Shipper an updated Schedule of Costs reflecting actual Costs incurred to date with a revised estimate of prospective Costs to be incurred. Ultimately, the actual Costs payable by Shipper to Transporter if terminated other than pursuant to Paragraphs 5 and 7, shall be duly itemized and presented to Shipper in the form of an invoice (which invoice will be payable, for all items which are undisputed, within sixty (60) days from the date of issue). Shipper shall have the right to audit such Costs and Transporter shall cooperate with any such audit.

7. Allocation of Capacity. Shipper acknowledges and agrees that, as a result of Transporter having binding Precedent Agreements with multiple shippers for a volume in excess of the Incremental Expansion, Transporter shall have the right to pro-ratably reduce the capacity set forth in this Precedent Agreement at any time, but not later than March 1, 2003. Shipper shall notify Transporter within fifteen (15) business days of Shipper's acceptance of such pro rata share of long term capacity. In the event that Shipper elects not to reduce the Precedent Agreement for its pro rata share of such capacity and thereby terminates the Precedent Agreement, such capacity shall be reallocated among the other prospective shippers on a pro rata basis up to their initial bid, and Shipper shall not be liable for any costs hereunder whatsoever, whether pursuant to Paragraph 6 or otherwise.
8. Service Agreement Execution: Transporter's Remedies. Within thirty (30) days after (i) the authorizations specified in Paragraph 1 above have been received and accepted by Transporter pursuant to Paragraph 2 above, (ii) Transporter has entered into financing

commitments satisfactory to it in its sole discretion that provide for adequate financing to construct the Incremental Expansion (as defined in Section 2.18 of the Iroquois Limited Partnership Agreement) and all of the conditions set forth in such financing agreements have been satisfied, and (iii) Transporter's Management Committee has taken the final vote to commit to construct the Incremental Expansion pursuant to the Iroquois Limited Partnership Agreement, and provided that this Precedent Agreement shall not have terminated pursuant to Paragraph 5 and 7 above, Transporter and Shipper shall execute and deliver a Gas Transportation Contract for Firm Reserved Service ("Service Agreement") substantially in the form of Attachment A hereto, reasonable and satisfactory to Shipper and Transporter and in conformance with the terms of Transporter's financing commitments.

9. Shipper's Right to Intervene and Protest. Nothing contained in this Agreement shall be construed to prohibit Shipper from the right to intervene and protest in any other proceeding before the FERC or any other regulatory body or court of competent jurisdiction, including but not limited to those in which Iroquois is a party.
10. Governing Law. The construction, interpretation, and enforcement of this agreement shall be governed by the laws of the State of New York, excluding any conflict of law or rule which would refer any matter to the laws of a jurisdiction other than the State of New York.
11. Assignment. Any company which shall succeed by purchase, merger or consolidation of the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Precedent Agreement. Either Party may, without relieving itself of its indebtedness under this Precedent Agreement, assign any of its rights thereunder to a company with which it is affiliated, but otherwise no assignment of this Precedent Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter, or Transporter in the event of an assignment by Shipper which in either circumstance shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Paragraph 11 shall not in any way prevent either party to this Precedent Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness.
12. Modification. No modification of the terms and provisions of this Precedent Agreement shall be made except by the execution of written contracts by Transporter and Shipper.

13. Notices. Notices under this Precedent Agreement shall be sent to

Transporter: Iroquois Gas Transmission System, L.P.
c/o Iroquois Pipeline Operating Company
One Corporate Drive, Suite 600
Shelton, Connecticut 06484
Attn: Marketing & Transportation
Fax No. 203-929-9501

Shipper: Mirant New York Management, Inc.
400 Rella Boulevard
Suite 157
Suffern, New York 10901
Attn: President
Fax No. 845-357-6889

Either Party may change its address by written notice to that effect to the other Party. Notices given hereunder shall be deemed to have been effectively given upon the third day following the day when the notice properly addressed and postpaid has been placed in the mail. It is expressly understood and agreed, however, that any notices referred to hereunder shall first be delivered by facsimile or other similar means, in accordance with the dates and time provided therein, and shall be mailed as soon as practicable thereafter.

13. Nonrecourse Obligation of Partnership. Shipper acknowledges and agrees that (a) Transporter is a Delaware limited partnership; (b) the obligations of Transporter under this Precedent Agreement are the obligations of the partnership; (c) Shipper shall have no recourse against any Partner in Transporter and its sole recourse shall be against the partnership assets, irrespective of any failure to comply with the applicable law or any provisions of this Precedent Agreement; (d) Shipper shall have no right of subrogation to any claim of Transporter for any Capital Contributions from any Partner to Transporter; and (e) this representation is made expressly for the benefit of the Partners in Transporter.

14. Liability. Neither party hereto shall be liable to the other party for any consequential, incidental or punitive damages arising out of, or related to, a breach of this agreement except as otherwise provided for herein.

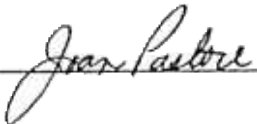
15. Creditworthiness. Shipper acknowledges that it will need to demonstrate creditworthiness or provide other reasonable security for its obligations under Section 6 of the Precedent Agreement to Transporter coincident with its execution of the Precedent Agreement, it being understood that such creditworthiness may be evidenced by a credit rating from S&P or Moody's Rating Services above BBB or Baa2 respectively, parent guarantee or similar instrument, which shall be capped at Shipper's pro rata share of Transporter's development costs, in accordance with Section 6 of the Precedent Agreement.

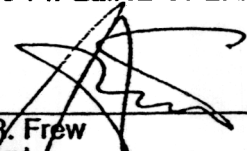
16. Term. The Commencement Date of the Service Agreement shall be the latter of November 1, 2004 or such date on which the natural gas facilities required to enable Transporter to render transportation service to Shipper hereunder are constructed, installed and made operational, as shall be set forth in Transporter's Final Notice to Shipper. The primary term of service of the Service Agreement shall be ten (10) years, and year to year thereafter unless terminated by either party upon twelve (12) months prior written notice to the other; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.


IN WITNESS WHEREOF, the Parties hereto have caused this Precedent Agreement to be duly executed in several counterparts by their proper officers duly authorized as of the first date hereinabove written.


ATTEST:

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.
By Its Agent
IROQUOIS PIPELINE OPERATING COMPANY



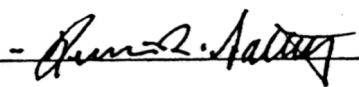
By  _____
Craig R. Frew
President

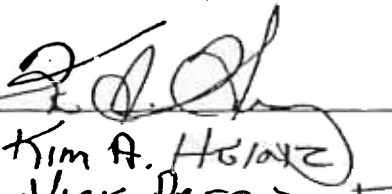


By  _____
Herbert A. Rakebrand, III
Vice President, Marketing & Transportation

ATTEST:

MIRANT NEW YORK, INC.



By  _____
Kim A. Hertz
Vice President

By _____



Mirant New York, Inc.
Brookfield-Yaphank

September 28, 2001

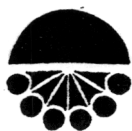
Mr. Christopher Doyle
Project Director
Mirant New York Management Inc.
400 Rella Boulevard, Suite 157
Suffern, New York 10901

Re: Letter Agreement ("Agreement") for Firm Transportation Service Between Iroquois Gas Transmission System, L.P. ("Iroquois") and Mirant New York, Inc. ("Mirant") (each of Iroquois and Mirant being sometimes referred to herein as "Party" and collectively as the "Parties")

Dear Chris:

This Agreement describes certain terms that will be applicable to the proposed transportation service to be provided by Iroquois on behalf of Mirant for the Eastern Long Island Expansion Project. Subject to:

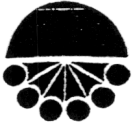
1. Approval by Iroquois' Management Committee pursuant to the Iroquois Limited Partnership Agreement;
2. Execution by Mirant and Iroquois of the Precedent Agreement To Contract For Firm Transportation Service dated September 25, 2001 (the "Precedent Agreement") and subsequent Service Agreement in accordance with the terms and conditions set forth in Iroquois' FERC approved Gas Tariff (the "Tariff") for 80,000 Dth/d of firm transportation capacity on Iroquois' mainline from Brookfield to a newly proposed interconnect with the facilities of KeySpan Gas East Corporation at Yaphank, New York for a term of service of ten (10) years (the "New Service").



Iroquois and Mirant hereby agree as follows:

- a) Receipt by Iroquois of FERC Certificate. If, as of April 1, 2003, Iroquois has not yet received all necessary authorizations (outlined in Paragraphs 1, 2 and 5(a) of the Precedent Agreement) to construct the Incremental Expansion and to render the New Service, the Parties will extend the date (outlined in Paragraph 5(b) of the Precedent Agreement) by which Mirant must receive requisite corporate approval until such time as Iroquois has received all such necessary authorizations.
- b) Effect of Agreement and Amendment. This Agreement shall inure to the benefit of and be binding upon each of the Parties. This Agreement and the referenced Precedent Agreement, when executed, supersede all prior agreements and understandings, whether oral or written, with respect thereto. The Parties agree that the execution of this Agreement or the attachments does not supersede, and is without prejudice to any rights or obligations the Parties have to each other under separate and distinct agreements, including, but not limited to, existing service agreement(s) between Iroquois and Mirant. This Agreement and the Precedent Agreement can only be amended, modified, or supplemented by the written agreement of Iroquois and Mirant.
- c) Governing Law. The laws of New York shall govern this Agreement without reference to conflicts of law provisions, except as to any matters subject to federal law and the exclusive jurisdiction of the FERC.
- d) Confidentiality. The contents of this Agreement are confidential. Each party acknowledges that any disclosure of the terms and conditions of this Agreement to third parties could cause significant economic harm to the other party. Any disclosure by either party, except where required by law or governmental agency, shall subject such party to liability to the other.
- e) Authorization. Each of the persons executing this Agreement represents and warrants that he or she has authority to act for and bind the entity on whose behalf he or she purports to act and to take the actions contemplated herein.





Mr. Christopher Doyle
Mirant New York, Inc.
Letter Agreement
September 28, 2001
Page 3

If Mirant is in agreement with the terms outlined above, kindly execute both originals of this document in the space provided below and return one original to Robin Almond at the address above. Should you have any questions, please call me at (203) 925-7291.

Very truly yours,

Scott E. Rupff
Manager, Marketing

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.
By its Agent
IROQUOIS PIPELINE OPERATING CO.

Craig R. Frew
President
Herbert A. Rakebrand, III
Vice President, Marketing & Transportation

Agreed to and accepted this 18th day of October, 2001.

MIRANT NEW YORK, INC.

PRECEDENT AGREEMENT TO CONTRACT FOR FIRM TRANSPORTATION SERVICE

This contract, to be called a "Precedent Agreement to Contract for Firm Transportation Service, ("Precedent Agreement")" is made as of this 12th day of November, 2001, by and between IROQUOIS GAS TRANSMISSION SYSTEM, L.P., a Delaware limited partnership herein called "Transporter," and NEW YORK POWER AUTHORITY, a corporate municipal instrumentality and political subdivision of the state of New York, herein called "Shipper." Transporter and Shipper are sometimes referred to individually as "Party" and jointly as "Parties."

WITNESSETH:

WHEREAS, Transporter has received a Certificate of Public Convenience and Necessity issued by the Federal Energy Regulatory Commission, herein called "Commission," authorizing Transporter to own, construct and operate a natural gas transmission system, herein called "Transporter's System";

WHEREAS, Transporter's System extends from a point on the international border between the United States and Canada near Iroquois, Ontario where it interconnects with the system of TransCanada PipeLines Limited, herein called the "Import Point," through the States of New York and Connecticut, to its terminus near South Commack, New York;

WHEREAS, Shipper is requesting and Transporter is proposing a firm natural gas transportation service for the transportation of up to approximately 40,000 Dth/d (subject to Allocation as outlined in Paragraph 6 of this Precedent Agreement) of natural gas, with service originating at Brookfield, Connecticut and terminating at Yaphank, New York, a newly proposed interconnect with the facilities of the KeySpan Gas East Corporation, herein called "KeySpan", or other mutually agreeable delivery point(s);

WHEREAS, Shipper is requesting and Transporter is proposing that such firm natural gas transportation service commence on or about November 1, 2004 and continue for a primary term of service of 10 years;

WHEREAS, provision of such firm natural gas service by Transporter on behalf of Shipper will require the construction of additional facilities on Transporter's System, herein called the "Incremental Expansion."

NOW, THEREFORE, in consideration of the mutual covenants herein assumed, Transporter and Shipper agree as follows:

1. Regulatory and Transporter Obligations.

- a. Subject to the approval of Transporter's Management Committee pursuant to the Iroquois Limited Partnership Agreement, Transporter shall apply for, and seek with due diligence to obtain from the Commission and any other regulatory authorities having jurisdiction, all necessary authorizations to construct the Incremental Expansion and to render transportation service for Shipper as described in a Gas Transportation Contract for Firm Reserved Service substantially in the form of Attachment A hereto and on the terms and conditions therein specified.
- b. Prior to January 1, 2003, Transporter shall provide Shipper with a mutually agreeable transportation rate and fuel matrix for the Incremental Expansion.

2. Notice of Regulatory and Transporter Approvals. Immediately upon receipt by Transporter of authorization from the Commission described in Paragraph 1 above, Transporter shall promptly transmit to the Shipper a copy of such authorization. The Shipper shall, within twenty-five (25) days of receipt thereof, advise the Transporter whether or not the terms and conditions of such authorization are satisfactory to Shipper. If Shipper determines that any terms and conditions of such authorization are not satisfactory and promptly notifies Transporter to that effect, then Transporter agrees that it shall, in good faith, consider alternatives that would address the terms and conditions that rendered the authorization unsatisfactory to Shipper. Thereafter, the Transporter shall immediately give notice to the Shipper whether the terms and conditions of such authorization are satisfactory to Transporter in its sole discretion and whether such authorization has been accepted or rejected.

3. Shipper Obligations.

- a. Shipper shall be solely responsible for securing gas supplier(s) and/or any applicable upstream and/or downstream transporters in all matters that may affect Transporter's performance hereunder. Transporter shall not be liable hereunder to Shipper as a result of the failure of Shipper's gas supplier(s) and/or any applicable upstream and/or downstream transporters to so perform.

b. Shipper shall, with due diligence, seek requisite corporate approval to participate in the Incremental Expansion proposed herein, provided however that such company approval may be withheld or denied for any reason in the sole and absolute discretion of those from whom such approval is sought.

c. Shipper shall, on an ongoing basis but without unreasonable cost to Shipper and upon

Transporter's prior written request, provide the following information to the Transporter:

4. Termination of Precedent Agreement.

a. If by August 1, 2004, Transporter has not received the authorizations provided for in Paragraph 1 above on terms and conditions satisfactory to Transporter in its sole discretion, then either Party hereto shall have the right to terminate this Precedent Agreement on thirty (30) days written notice to the other Party. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if Transporter obtains such authorization during this thirty (30) day notice period, this Precedent Agreement shall, subject to the provisions of Paragraph 2, remain in full force and effect.

b. If prior to or by April 1, 2003, Shipper has not received requisite corporate approval pursuant to Paragraph 3(b) above, Shipper hereto shall have a right to terminate this Precedent Agreement on thirty (30) days written notice to Transporter. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if Shipper obtains such approval during this thirty (30) day notice period, this Precedent Agreement shall remain in full force and effect.

c. In accordance with Paragraph 2 above, if the authorization from the Commission described in Paragraph 1 above results in a 100% Load Factor rate (including the Transportation Demand Rate and Transportation Commodity Rate) or fuel charge that is materially different from the rate or fuel charge that Shipper and Transporter have mutually agreed to in accordance with Paragraph 1(b), Shipper hereto shall have a right to terminate this Precedent Agreement on thirty (30) days written notice to Transporter. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect, unless Shipper and

Transporter agree otherwise or notwithstanding the Commission's authorization, during such thirty (30) day period, Transporter and Shipper mutually agree to a negotiated rate.

- d. If prior to or by January 1, 2002, Transporter has not submitted an application to the Commission formally seeking authorization to construct the Incremental Expansion, then either Party hereto shall have a right to terminate this Precedent Agreement on thirty (30) days written notice to the other Party. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if Transporter submits an application to the Commission formally seeking authorization to construct the Incremental Expansion during this thirty (30) day notice period, this Precedent Agreement shall remain in full force and effect.
- e. If, within thirty (30) days of its acceptance of the Commission authorization, Transporter's Management Committee has not taken the final vote pursuant to the Iroquois Limited Partnership Agreement to commit to construct the Incremental Expansion and waived any financing conditions precedent that may be included in said agreement, then either Party hereto shall have a right to terminate this Precedent Agreement on thirty (30) days written notice to the other Party. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if Transporter receives Management Committee approval during such thirty (30) day notice period, this Precedent Agreement shall remain in full force and effect.
- f. If the newly proposed interconnect with KeySpan at Yaphank, New York is not deemed by Keyspan and Consolidated Edison Company of New York, Inc., in their sole discretion, to be a New York Facilities Point, Shipper hereto shall have a right to terminate this Precedent Agreement on thirty (30) days written notice to Transporter. This Precedent Agreement will terminate effective upon expiration of such thirty (30) day period and shall thereafter be of no further force and effect. However, if the newly proposed interconnect with KeySpan at Yaphank, New York is deemed by KeySpan and Consolidated Edison Company of New York, Inc. to be a New York Facilities Point during this thirty (30) day notice period, this Precedent Agreement shall remain in full force and effect. If Shipper elects to terminate this Precedent Agreement pursuant to this provision, Shipper shall not be liable for any costs hereunder whatsoever, whether pursuant to Paragraph 5 or otherwise.

- g. Notwithstanding any other provision contained herein, Shipper shall have the right to withdraw from this Precedent Agreement in its sole discretion at any time on or before April 1, 2003, and Shipper shall not be liable for any costs hereunder whatsoever, whether pursuant to Paragraph 5 or otherwise.
5. Reimbursement. The Parties acknowledge that as part of this Incremental Expansion, Transporter has made, and will be required to make, certain expenditures to third parties relating to site acquisition, long lead time materials, engineering consultants, environmental consultants, and other necessary third party costs in advance of the satisfaction of the conditions and authorizations described in Paragraph 1 above in order to facilitate the November 1, 2004 in-service date requested by the Shipper. The Parties also acknowledge that these costs will not be refundable or otherwise recoverable by Transporter from Shipper if this Precedent Agreement is terminated pursuant to Paragraphs 4 or 6.

In consideration of Transporter's agreement to make such necessary advance expenditures, if Shipper, whether alone or together with other shippers, (collectively referred to as "Terminating Shippers") terminates this Precedent Agreement for any reason after April 1, 2003, other than pursuant to Paragraphs 4 (a), (c), (e), (f) and 6, and, as a result of such termination the Incremental Expansion cannot proceed, Shipper agrees to reimburse Transporter in full for Shipper's pro rata share, relative to the Terminating Shippers, of all costs reasonably incurred by Transporter for all of Transporter's out of pocket costs incurred pursuant to the Incremental Expansion provided that such costs are otherwise not recoverable by Transporter (the "Costs"). Prior to March 1, 2003, Transporter shall provide to Shipper an estimated schedule of costs ("Schedule of Costs"), by month, associated with the Incremental Expansion. Each month thereafter, Transporter will provide to Shipper an updated Schedule of Costs reflecting actual Costs incurred to date with a revised estimate of prospective Costs to be incurred. Ultimately, the actual Costs payable by Shipper to Transporter if terminated other than pursuant to Paragraphs 4 (a), (c), (e), (f) and 6, shall be duly itemized and presented to Shipper in the form of an invoice (which invoice will be payable within sixty (60) days from the date of issue). Shipper shall have the right to audit such Costs and Transporter shall cooperate with any such audit.

6. Allocation of Capacity. Shipper acknowledges and agrees that, as a result of Transporter having binding Precedent Agreements with multiple shippers for a volume in excess of the Incremental Expansion, Transporter shall have the right to pro-ratably reduce the capacity set forth in this Precedent Agreement at any time, but not later than March 1, 2003. Transporter shall advise Shipper in writing of such pro rata amount, and Shipper shall have

fifteen (15) business days to notify Transporter whether it shall accept such pro rata share of long term capacity. In the event that Shipper elects not to reduce the Precedent Agreement for its pro rata share of such capacity and thereby terminates the Precedent Agreement, such capacity shall be reallocated among the other prospective shippers on a pro rata basis up to their initial bid, and Shipper shall not be liable for any costs hereunder whatsoever, whether pursuant to Paragraph 5 or otherwise.

7. Service Agreement Execution: Transporter's Remedies. Within thirty (30) days after (i) the authorizations specified in Paragraph 1 above have been received and accepted by Transporter pursuant to Paragraph 2 above, (ii) Transporter has entered into financing commitments satisfactory to it in its sole discretion that provide for adequate financing to construct the Incremental Expansion (as defined in Section 2.18 of the Iroquois Limited Partnership Agreement) and all of the conditions set forth in such financing agreements have been satisfied, and (iii) Transporter's Management Committee has taken the final vote to commit to construct the Incremental Expansion pursuant to the Iroquois Limited Partnership Agreement, and provided that this Precedent Agreement shall not have terminated pursuant to Paragraphs 4 and 6 above, Transporter and Shipper shall execute and deliver a Gas Transportation Contract for Firm Reserved Service ("Service Agreement") substantially in the form of Attachment A hereto, reasonable and satisfactory to Shipper and Transporter and in conformance with the terms of Transporter's financing commitments. Notwithstanding any other provision of this Precedent Agreement, Transporter shall have the right to pursue any legal and equitable remedy available with respect to Shipper's breach of its obligation to execute a Service Agreement.
8. Governing Law. The construction, interpretation, and enforcement of this agreement shall be governed by the laws of the State of New York, excluding any conflict of law or rule which would refer any matter to the laws of a jurisdiction other than the State of New York.
9. Assignment. Any company which shall succeed by purchase, merger or consolidation of the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Precedent Agreement. Either Party may, without relieving itself of its indebtedness under this Precedent Agreement, assign any of its rights thereunder to a company with which it is affiliated, but otherwise no assignment of this Precedent Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter, or Transporter in the event of an assignment by Shipper which

in either circumstance shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Paragraph 9 shall not in any way prevent either party to this Precedent Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness.

10. Modification. No modification of the terms and provisions of this Precedent Agreement shall be made except by the execution of written contracts by Transporter and Shipper.

11. Notices. Notices under this Precedent Agreement shall be sent to:

Transporter: Iroquois Gas Transmission System, L.P.
c/o Iroquois Pipeline Operating Company
One Corporate Drive, Suite 600
Shelton, Connecticut 06484
Attn: Marketing & Transportation
Fax No. 203-929-9501

Shipper: New York Power Authority
123 Main Street
White Plains, New York 10601-3170
Attn: Manager, Fuel Planning
Fax No. 914-287-3890

Either Party may change its address by written notice to that effect to the other Party. Notices given hereunder shall be deemed to have been effectively given upon the third day following the day when the notice properly addressed and postpaid has been placed in the mail. It is expressly understood and agreed, however, that any notices referred to hereunder shall first be delivered by facsimile or other similar means, in accordance with the dates and time provided therein, and shall be mailed as soon as practicable thereafter.

12. Nonrecourse Obligation of Partnership. Shipper acknowledges and agrees that (a) Transporter is a Delaware limited partnership; (b) the obligations of Transporter under this Precedent Agreement are the obligations of the partnership; (c) Shipper shall have no recourse against any Partner in Transporter and its sole recourse shall be against the partnership assets, irrespective of any failure to comply with the applicable law or any provisions of this Precedent Agreement; (d) Shipper shall have no right of subrogation to any claim of Transporter for any Capital Contributions from any Partner to Transporter; and (e) this representation is made expressly for the benefit of the Partners in Transporter.

13. Liability. Neither party hereto shall be liable to the other party for any consequential, incidental or punitive damages arising out of, or related to, a breach of this agreement except as otherwise provided for herein.



14. Creditworthiness. Shipper acknowledges that it will need to demonstrate creditworthiness or provide other reasonable security for its obligations under Section 6 of the Precedent Agreement to Transporter coincident with its execution of the Precedent Agreement, it being understood that such creditworthiness may be evidenced by a credit rating from S&P or Moody's Rating Services above BBB or Baa2 respectively, parent guarantee or similar instrument, which shall be capped at Shipper's pro rata share of Transporter's development costs, in accordance with Section 6 of the Precedent Agreement.

15. Term. The Commencement Date of the Service Agreement shall be the latter of November 1, 2004 or such date on which the natural gas facilities required to enable Transporter to render transportation service to Shipper hereunder are constructed, installed and made operational, as shall be set forth in Transporter's Final Notice to Shipper. The primary term of service of the Service Agreement shall be ten (10) years, and year to year thereafter unless terminated by either party upon twelve (12) months prior written notice to the other; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.

IN WITNESS WHEREOF, the Parties hereto have caused this Precedent Agreement to be duly executed in several counterparts by their proper officers duly authorized as of the first date hereinabove written.

ATTEST:

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.
By Its Agent
IROQUOIS PIPELINE OPERATING COMPANY

RAZ
RAZ

By

Craig R. Frew, President

By

Herbert A. Rakebrand, III, VP, Marketing & Transportation

ATTEST:

NEW YORK POWER AUTHORITY

WE

By

Robert Deasy

By



November 12, 2001

Mr. Rod Mullin
Manager, Fuel Planning
New York Power Authority
123 Main Street
White Plains NY 10601-3170

Re: Letter Agreement ("Agreement") for Firm Transportation Service Between Iroquois Gas Transmission System, L.P. ("Iroquois") and New York Power Authority ("NYPA") (each of Iroquois and NYPA being sometimes referred to herein as "Party" and collectively as the "Parties")

Dear Rod:

This Agreement describes certain terms that will be applicable to the proposed transportation service to be provided by Iroquois on behalf of NYPA. The terms outlined in this Agreement will be subject to:

- 1) Approval by Iroquois' Management Committee pursuant to the Iroquois Limited Partnership Agreement;
- 2) Receipt by NYPA of requisite corporate approval by April 1, 2003 to participate in the Incremental Expansion contemplated in the Precedent Agreement to Contract for Firm Transportation Service dated November 12, 2001 (the "Precedent Agreement") between the Parties;
- 3) Execution by NYPA and Iroquois of the Precedent Agreement and subsequent Gas Transportation Contract for Firm Reserved Service (the "Service Agreement") in accordance with the terms and conditions set forth in Iroquois' FERC approved Gas Tariff (the "Tariff") for upto 40,000 Dth/d of firm transportation capacity on Iroquois' mainline from Brookfield, Connecticut to Yaphank, New York for a term of service ending on or about November 1, 2014 (the "New Service").

Iroquois and NYPA hereby agree as follows:

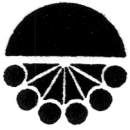
- a) Termination of Service Agreement. Article V of the proposed Service Agreement states the following:

"The Commencement Date shall be [the later of] November 1, 2004 [or such date on which the natural gas facilities required to enable Transporter to render transportation service to Shipper hereunder are constructed, installed and made operational, as shall be set forth in Transporter's Final Notice to Shipper]."



The Parties herein agree that if the Commencement Date for the New Service does not occur on or before April 1, 2005, then NYPA shall have the right to terminate the Service Agreement without cost or liability to Iroquois.

- b) Acceleration of Facilities In Service Date. Transporter agrees that if the facilities associated with the Incremental Expansion are not in place by November 1, 2004 or such later time that Shipper's Facility is available for service, Transporter shall use reasonable efforts to make capacity available to Shipper by utilizing a combination of the following: capacity release, existing secondary firm, and interruptible transportation. Specifically, Iroquois shall, as part of its on-going marketing efforts, notify NYPA as soon as possible of any and all open seasons for firm capacity on the Iroquois system, whether for unsubscribed primary firm transportation capacity or for primary firm transportation capacity that becomes available as a result of capacity turnback, or for expansion projects. Such notification by Iroquois to NYPA shall continue until the facilities associated with the Incremental Expansion are placed in service. Furthermore, Iroquois agrees that if NYPA requires firm transportation service specifically in conjunction with its proposed Poletti Power Project (Case 99-F-1627 pending before the New York State Siting Board on Electric Generation Siting) earlier than November 1, 2004 and if Iroquois is in receipt of Commission authorization for the Incremental Expansion, Iroquois shall use reasonable efforts, without incurring economic harm, to advance the in service date of the mainline facilities (i.e. compression and cooling) and offer service through Iroquois' Eastchester Delivery Point in order to respond to NYPA's request.
- c) Effect of Agreement and Amendment. This Agreement shall inure to the benefit of and be binding upon each of the Parties. Neither Party shall raise as a defense against the other Party's attempt to enforce any term of this Agreement a claim that this Agreement or the Service Agreement was not properly filed with or authorized by any regulatory agency or body having jurisdiction over the subject matter of this Agreement or the Service Agreement. This Agreement and the referenced Precedent Agreement, when executed, shall supersede all prior agreements and understandings, whether oral or written, with respect thereto. The Parties agree that the execution of this Agreement or the attachments does not supersede, and is without prejudice to any rights or obligations the Parties have to each other under separate and distinct agreements, including, but not limited to, existing service agreement(s) between Iroquois and NYPA. This Agreement can only be amended, modified, or supplemented by the written agreement of Iroquois and NYPA.
- d) Assignment. This Agreement shall not be assigned without first obtaining the prior written consent of the other Party, which consent will not be unreasonably withheld, conditioned, or delayed.
- e) Governing Law. The laws of New York shall govern this Agreement without reference to conflicts of law provisions, except as to any matters subject to federal law and the exclusive jurisdiction of the FERC.



Mr. Rod Mullin
New York Power Authority
November 12, 2001
Page 3

- f) Confidentiality. The contents of this Agreement are confidential. Each party acknowledges that any disclosure of the terms and conditions of this Agreement to third parties could cause significant economic harm to the other party. Any disclosure by either party, except where required by law or governmental agency, shall constitute a breach of this Agreement and the non-breaching Party shall have all rights and remedies available to it under law or in equity.
- g) Authorization. Each of the persons executing this Agreement represents and warrants that he or she has authority to act for and bind the entity on whose behalf he or she purports to act and to take the actions contemplated herein.

If NYPA is in agreement with the terms outlined above, kindly execute both originals of this document in the space provided below and return one original to Robin Zaleski at the address above. Should you have any questions, please call me at (203) 925-7291.

Very truly yours,

Scott E. Rupff
Manager, Marketing

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.
By its Agent
IROQUOIS PIPELINE OPERATING CO.

Craig R. Frew
President

Herbert A. Rakebrand, III
Vice President, Marketing & Transportation

Agreed to and accepted this 4th day of December, 2001.

NEW YORK POWER AUTHORITY

Robert Deasy

**ATTACHMENT A
PRO FORMA GAS TRANSPORTATION CONTRACT
FOR FIRM RESERVED SERVICE**

This Contract is made as of the ____ day of _____, 2001, by and between the IROQUOIS GAS TRANSMISSION SYSTEM, L.P., a Delaware limited partnership, herein called "Transporter", and SHIPPER, a STATE/Legal Entity, herein called "Shipper", pursuant to the following recitals and representations:

WHEREAS, Transporter has received and accepted a Certificate of Public Convenience and Necessity issued by the Federal Energy Regulatory Commission, authorizing Transporter to own, construct and operate a natural gas transmission system, herein called "Transporter's System;"

WHEREAS, Transporter's System extends in a southeasterly direction from a point on the international border between the United States and Canada near Iroquois, Ontario/Waddington, New York, where Transporter's facilities interconnect with those of TransCanada PipeLines Limited, through the States of Connecticut and New York, to its terminus near South Commack, New York;

WHEREAS, Shipper has requested firm natural gas transportation service for transportation of up to ____Dth/d of natural gas;

WHEREAS, Transporter has received and accepted all necessary regulatory and governmental approvals to construct and operate Transporter's System and to transport such gas on behalf of Shipper; and

WHEREAS, Transporter and Shipper now desire to establish the terms and conditions under which Transporter will render firm, reserved transportation services to Shipper by entering into this Gas Transportation Contract for Firm Reserved Transportation Service;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Shipper agree as follows:

ARTICLE - SCOPE OF CONTRACT

1. On the Commencement Date and each day thereafter on which Shipper and Transporter schedule gas for transportation hereunder, Shipper shall cause the Scheduled Input Quantity for each Receipt Point hereunder to be delivered to Transporter at the Receipt Point(s).

2. On the Commencement Date and each day thereafter, Transporter shall make the Scheduled Equivalent Quantity available to or on behalf of Shipper at the Delivery Point(s) on a firm basis.

3. Shipper shall be solely responsible for securing faithful performance by the supplier(s) of natural gas under Shipper's Contracts and/or any applicable upstream or downstream shippers in all matters which may affect Transporter's performance hereunder, and Transporter shall not be liable hereunder to Shipper as a result of the failure of said gas supplier(s) and/or any applicable upstream or downstream shippers to so perform.

ARTICLE II - RESERVATION OF FIRM TRANSPORTATION CAPACITY

1. Shipper hereby reserves the right to cause Transporter to receive from or for the account of Shipper at each Receipt Point on any day such quantities of natural gas up to the Maximum Input Quantity for such Receipt Point as set forth on the currently effective Schedule 1 appended hereto and Transporter shall make available to or on behalf of Shipper at each Delivery Point on any day the Equivalent Quantity not to exceed the Maximum Equivalent Quantity for each Delivery Point as set forth on the currently effective Schedule 2 appended hereto;

2. Transporter shall make available to Shipper the transportation service reserved under this Article II on the days and for the quantities of gas for which such service has been reserved, subject to Shipper's compliance with the terms and conditions of this Contract.

ARTICLE III - RATE

1. Except where a Negotiated Rate or Negotiated Rate formula is applicable, for each Dth of Scheduled Equivalent Quantity on any day, Shipper shall pay the applicable Maximum Transportation Commodity Rate specified in the RTS Rate Schedule as in effect on the day the transportation service is rendered; provided, however, that in the event that Transporter determines, in its sole discretion, to render transportation service on behalf of Shipper for a Discounted Transportation Commodity Rate, Transporter shall notify Shipper in writing of the amount of such Discounted Transportation Commodity Rate, the day(s) on which such rate shall be in effect and the quantities to which such rate applies. For each Dth of Scheduled Equivalent Quantity to which a Discounted Transportation Commodity Rate applies, as set forth in Transporter's notice, Shipper shall pay the applicable Discounted Transportation Commodity Rate in lieu of the Maximum Transportation Commodity Rate. For each Dth of Scheduled Equivalent Quantity to which a Negotiated Rate or a rate under a Negotiated Rate Formula

applies, Shipper shall pay any applicable Negotiated Rate or rate under a Negotiated Rate Formula set forth in the currently effective Schedule 3 appended hereto, in lieu of the Maximum Transportation Commodity Rate.

2. Except where a Negotiated Rate or Negotiated Rate formula is applicable, on the Commencement Date and each day thereafter, for each Dth per day of the Maximum Input Quantity at each Receipt Point, Shipper shall pay the applicable Maximum Transportation Demand Rate specified in the RTS Rate Schedule as in effect on the day for which transportation capacity has been reserved; provided, however, that in the event that Transporter determines, in its sole discretion, to render transportation service on behalf of Shipper for a Discounted Transportation Demand Rate, Transporter shall notify Shipper in writing of the amount of such Discounted Transportation Demand Rate, the day(s) on which such rate shall be in effect and the quantities to which such rate applies. For each Dth of the Maximum Input Quantity at each Receipt Point to which a Discounted Transportation Demand Rate applies, as set forth in Transporter's notice, Shipper shall pay the applicable Discounted Demand Rate in lieu of the Maximum Transportation Demand rate. For each Dth of the Maximum Input Quantity at each Receipt Point to which a Negotiated Rate or a rate under a Negotiated Rate Formula applies, Shipper shall pay any applicable Negotiated Rate or rate under a Negotiated Rate Formula set forth in the currently effective Schedule 3 appended hereto, in lieu of the Maximum Transportation Demand Rate.

3. For each Dth of Scheduled Equivalent Quantity on any day, Shipper shall pay the applicable GRI and ACA Adjustments, Deferred Asset Surcharge, and any other applicable surcharge specified in the RTS Rate Schedule as in effect on the day the transportation service is rendered.

4. Shipper agrees that Transporter shall have the unilateral right to file with the FERC and make changes effective in (a) the rates and charges applicable to service pursuant to Transporter's RTS Rate Schedule, or (b) any provision of the General Terms and Conditions applicable to such rate schedules. Transporter agrees that Shipper may contest any such filing or changes and may request the FERC to determine just and reasonable rates and/or terms or conditions of service for Transporter when Shipper believes Transporter's rates and/or terms or conditions of service may be unjust, unreasonable, unduly discriminatory or preferential.

ARTICLE IV - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Contract and all terms and provisions contained or incorporated herein are subject to the provisions of the RTS Rate Schedule and of the General Terms and Conditions of Transporter's FERC Gas Tariff as such may be revised or superseded from time to time, which RTS Rate Schedule and General Terms and Conditions are by this reference made a part hereof. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Contract.

ARTICLE V - TERM

1. The Commencement Date shall be [the latter of] _____ [or such date on which the natural gas facilities required to enable Transporter to render transportation service to Shipper hereunder are constructed, installed and made operational, as shall be set forth in Transporter's Final Notice to Shipper].
2. This Contract shall be effective as of the date first herein above written; provided, however, that Transporter shall be under no obligation to receive or to deliver any quantities of natural gas hereunder and Shipper shall be under no obligation for any payments hereunder prior to the Commencement Date.
3. This Contract shall continue in force and effect until _____, and year to year thereafter unless terminated by either party upon twelve (12) months prior written notice to the other; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.

ARTICLE VI - NOTICES

Notices to Transporter shall be addressed to:

Iroquois Gas Transmission System, L.P.
c/o Iroquois Pipeline Operating Co.
One Corporate Drive, Suite 600
Shelton, Connecticut 06484
Attention: Marketing & Transportation

Notices to Shipper hereunder shall be addressed to:

COMPANY NAME
ADDRESS
CITY
Attention:

Either party may change its address under this Article by written notice to the other party.

ARTICLE VII - TRANSFER AND ASSIGNMENT OF CONTRACT

Any entity which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Contract. Any party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Contract or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter or Transporter in the event of an assignment by Shipper, which consents shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Article VII shall not in any way prevent either party to this Contract from pledging or mortgaging its rights hereunder as security for its indebtedness.

ARTICLE VIII - NONRECOURSE OBLIGATION OF PARTNERSHIP AND OPERATOR

Shipper acknowledges and agrees that (a) Transporter is a Delaware limited partnership; (b) Shipper shall have no recourse against any Partner in Transporter with respect to Transporter's obligations under this Contract and that its sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provision of this Contract; (c) no claim shall be made against any Partner under or in connection with this Contract; (d) Shipper shall have no right of subrogation to any claim of Transporter for any capital contributions from any Partner to Transporter; (e) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Contract and the performance of Operator's duties as Operator (provided that this shall not bar claims resulting from the gross negligence or willful misconduct of Operator, its officers, employees or agents); and Shipper shall provide Operator with a waiver of subrogation of Shipper's insurance company for all such claims, and (f) this representation is made expressly for the benefit of the Partners in Transporter and Operator.

ARTICLE IX - LAW OF CONTRACT

The interpretation and performance of this Contract shall be in accordance with and controlled by the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed in duplicate counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

ATTEST:

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.
By Its Agent
IROQUOIS PIPELINE OPERATING COMPANY

By _____
COMPANY OFFICER

By _____
COMPANY OFFICER

ATTEST:

SHIPPER LEGAL NAME

By _____
Signatory

SCHEDULE 1

Receipt Point:	Brookfield, Connecticut
Maximum Input Quantity:	80,000 Dth/d plus applicable Measurement Variance/Fuel Use Quantity
Pressure:	1,440 psig, or such lesser pressure that Transporter deems necessary.

SCHEDULE 2

Delivery Point: Yaphank, New York, a newly proposed interconnect with the facilities of the KeySpan Gas East Corporation.

Maximum Equivalent Quantity: 80,000 Dth/d.

Pressure: The system operating pressure of the downstream operator, not to exceed 1,440 psig, or such lesser pressure that Transporter and downstream operator deem necessary.